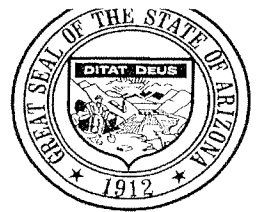


ARIZONA DEPARTMENT OF WATER RESOURCES

Hydrology Division

500 N. Third Street • Phoenix, Arizona 85004-3921

Telephone (602) 417-2448 • Fax (602) 417-2425



September 17, 2003

JANET NAPOLITANO
Governor

HERB GUENTHER
Director

Mr. William Lucas
Director of Operations, Tucson Division
Department of Real Estate
400 West Congress, Suite 523
Tucson, Arizona 85701

**Re: La Terraza, Phase C, Cochise County
Water Adequacy Report # 22-401003**

Dear Mr. Lucas:

Pursuant to A.R.S. §45-108, the Department of Water Resources has reviewed the available information pertaining to the water supply for the above captioned subdivision located in Section 23, T22S, R20E, Cochise County, Arizona. This letter constitutes the Department's report on the subdivisions water supply as required by A.R.S. § 45-108(A).

Adequacy of the water supply was reviewed by the Department with regard to quality, quantity and dependability. The subdivision is located about 3 miles south of the Town of Sierra Vista, Arizona and will be served by Pueblo Del Sol Water Company from wells within its franchise area. Information available to the Department indicates that the applicant has satisfied the adequate water supply requirements as set forth in A.A.C. R12-15-715 *et seq.* Therefore, the Department of Water Resources finds the water supply to be adequate to meet the subdivision's projected needs. Any change to the subdivision or its water supply plans may invalidate this decision.

This letter is being forwarded to your office as required by A.R.S. § 45-108. This law requires the developer to hold the recordation of the subdivision's plat until receipt of the Department's report on the subdivision's water supply. By copy of this report, the Cochise County Recorder is being officially notified of the developer's compliance with the law. Because of the possibility that a future court proceeding could result in a legal determination that water withdrawn from wells in this area is surface water, the Department recommends that your office include the following statement in all promotional material and contracts for sale of lots in the subdivision:

Pursuant to A.R.S. § 45-108 and A.A.C. R12-15-715 *et seq.*, the Department has determined that the water supply for the La Terraza, Phase C subdivision is adequate, i.e. that the water supply is physically, continuously and legally available to satisfy the applicant's 100-year projected water demand, and that the water supply is of suitable water quality. However, the legal availability of the water withdrawn from wells in this area may be the subject of court action in the future as part of a determination of surface water rights. Whether future court action will have an effect on the legal availability of the water supply for the proposed subdivision cannot be determined at this time.

If you have any questions, please contact Dan Holden at (602) 417-2400, ex.7317.

Sincerely,

Frank Putman
Acting Assistant Director

FP/KM/DH/ef
202418

cc: Castle & Cooke Arizona, Inc.
Mr. Mike Hennen, Pueblo Del Sol Water Company
Mr. Mike Lacey, Fluid Solutions
Mr. James Vlahovich, Cochise County Planning and Zoning
Ms. Christine M. Rhodes, Cochise County Recorder
Mr. Roy Tanney, Department of Real Estate, Phoenix
Mr. Doug Dunham, ADWR